

**Alabama
Incentives
Summary
2009**



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ALABAMA INCENTIVES SUMMARY

STATUTORY TAX INCENTIVES

- **Income Taxes**

- Corporations pay Alabama income tax based on their net taxable income derived only from business conducted within the state.
- Corporate income tax rate of 6.5% with a significantly reduced net effective rate.
- Full deduction for all federal income taxes apportioned to Alabama.
- 15 year carry-forward of net operating losses.
- Deduction for pollution control equipment.

- **Property Taxes**

- Constitutional limit of the state millage rate on both real and personal property to 6.5 mills.
- Business property, both real and personal, taxed on 20% of its fair market value.
- Inventories and goods-in-process are not taxed.
- Pollution control equipment statutorily exempt from property taxation.
- Exemption of all tangible personal property being warehoused in Alabama for shipment to a destination outside the state.

- **Sales and Use Taxes**

- Raw materials used by manufacturers or compounders specifically exempt from sales and use taxation.
- Pollution control equipment statutorily exempt from taxation.
- Credit for sales and use tax paid to another state and its subdivisions.
- Exemption for quality control testing and donations to charitable entities.

- **Business Privilege Tax**

- Capped at \$15,000 except for financial institutions and insurance companies.

- **Income Tax Capital Credit**

- Five percent (5%) annually of the total capital costs of a qualifying project for twenty (20) years.
- Credit begins in the year the qualifying project is "placed in service"
- The qualifying project must constitute either a "headquarters facility" or an "industrial, warehousing, or research activity" defined in the 1997 North American





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- Industry Classification System (NAICS) or any process or treatment facility which recycles, reclaims, or converts materials, which include solids, liquids, or gases, to a reusable product.
- **Abatements by cities, counties, and public authorities may include:**
 - Non-educational state, county, and city property taxes for a period of up to ten (10) years
 - State sales and use taxes on construction materials and equipment used in manufacturing
 - Non-educational county and city sales and use taxes on construction materials and equipment used in manufacturing





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WORKFORCE INCENTIVES

- **“Right-to-Work” state**
- **Alabama Industrial Development Training (AIDT)**
 - Consistently among the top workforce training programs in the US and named as the top program in 2005 (Expansion Management).
 - State-of-the-art industrial training and support services for new and expanding industries; the only ISO 9002-Certified training program in the US.
 - An experienced staff, mobile training units, and in-house design and production facilities at no cost to the client.
 - Recruitment, customized pre-employment training, production of training materials and videos and employee development at all levels.
- **Alabama Technology Network (ATN) and the Community College System**
 - Works to increase the competitiveness of Alabama companies through a cooperative network of ten regional service providers.
 - Administers the Manufacturing Extension Partnership (MEP) which provides a growing network of services to manufacturers. Small and large.
- **The Office of Workforce Development and Workforce Investment Areas**
 - Charged with improving coordination and the achievement of four objectives under the Workforce Investment Act: 1) increasing accountability, 2) streamlining services, 3) providing universal access to services, and 4) empowering individuals in training and career choices.
 - Customer-focused system to help Alabamians access the tools they need to manage their careers through information and high quality services and to help U.S. companies find skilled workers.
 - Federally funded Workforce Investment Act activities conducted within Alabama are administered through the Jefferson County Commission, the Mobile County Commission, and the Alabama Workforce Investment Area (remaining 65 counties).
- **Alabama Career Centers**
 - Assists the employers in the local, intrastate or interstate recruitment of applicants
 - Prescreens applicants to meet employer qualifications
 - Provides interview facilities for the employers
 - Conducts any desired testing of potential employees to measure aptitudes for specified job skills using validated tests
 - Performs any related service that might be needed.



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- **Industrial Development Grant Program (Site Preparation)**

- Grants to counties, municipalities, local industrial development boards or authorities or economic development councils or authorities, airport authorities, port authorities or public corporations to pay for site preparation for land owned or possessed for lease by these entities.
- The size of the grant depends upon the amount of capital investment and is awarded as funds are available:

<i>Capital Costs</i>	<i>Percentage of Capital Cost</i>
Less than \$200,000	5.0%
\$200,000 to \$499,999	3.5% (minimum \$10,000)
\$500,000 to \$999,999	2.5% (minimum \$20,000)
\$1,000,000 to \$1,999,999	1.5% (minimum \$28,000)
\$2,000,000 to \$9,999,999	1.0% (minimum \$32,000)
Over \$10,000,000 ---	0.75% (minimum \$100,000; maximum \$150,000)

(See <http://www.alabamausa.org/Site%20Grant%20App.asp> for additional information.)

- **Industrial Revenue Bonds (IRBs) may be used as long-term financing of up to 100 percent of a project for:**

- Acquisition of land, buildings, site preparation and improvements;
- Construction of buildings;
- Acquisition and installation of furnishings, fixtures and equipment;
- Capitalizable soft costs (e.g., architectural and engineering, interest incurred during construction, cost associated with bond issuance, etc.).

- **Industrial Access Road and Bridge**

- Financial assistance for plan, design, and construction of access roads and bridges in order to provide or improve access to new and expanding industrial sites in Alabama. (See <http://www.alabamausa.org/Site%20Grant%20App.asp> for additional information.)

- **One-Stop Environmental Permitting**

- The Alabama Department of Environmental Management (ADEM) has authority to issue the permits required by all the major federal environmental laws.
- A Permit Coordination and Development Center (PCDC) facilitates the permitting process by coordinating communications, conferences and other administrative functions between an applicant and ADEM.